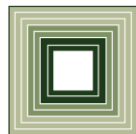# IT Funding

Joint Legislative Oversight Committee on Information Technology

**November 7, 2013**

Karlynn O'Shaughnessy

Funding Sources

- Information Technology (IT) Fund

- IT Internal Service Fund

- IT Reserve Fund

- Agency Funding
  - Overall IT Funding
  - Projects

The IT Fund

- **§ 147-33.72H. Information Technology Fund**
- Special revenue fund
- May receive transfers, other credits as authorized by the General Assembly
- Money may be appropriated from the Information Technology Fund to meet statewide requirements, including:

  - Planning   - Electronic mail

  - Project management   - State portal operations

  - Security   - Administration of systemwide procurement procedures.

- Funds appropriated to the Office of Information Technology Services from the IT Fund by the CIO
- October 1 expenditure report each year from the State CIO
- Interest earnings on the Information Technology Fund balance credited to the Information Technology Fund.

IT Fund Appropriations
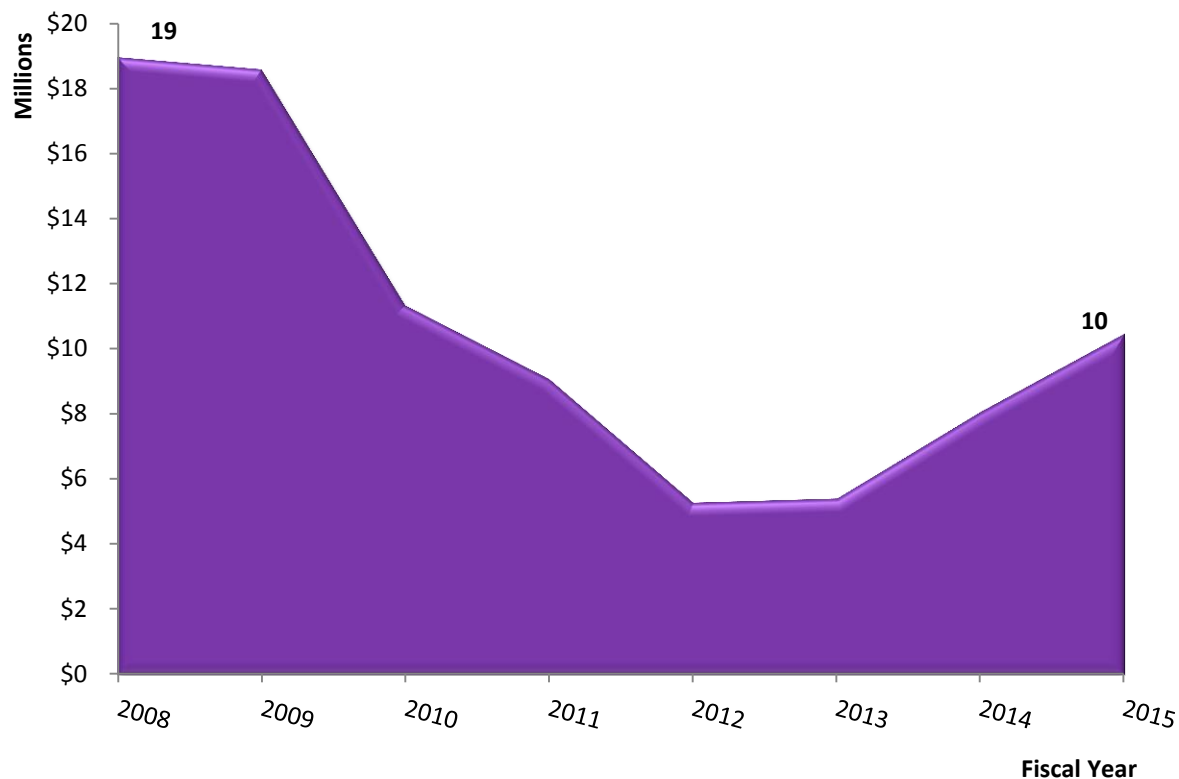
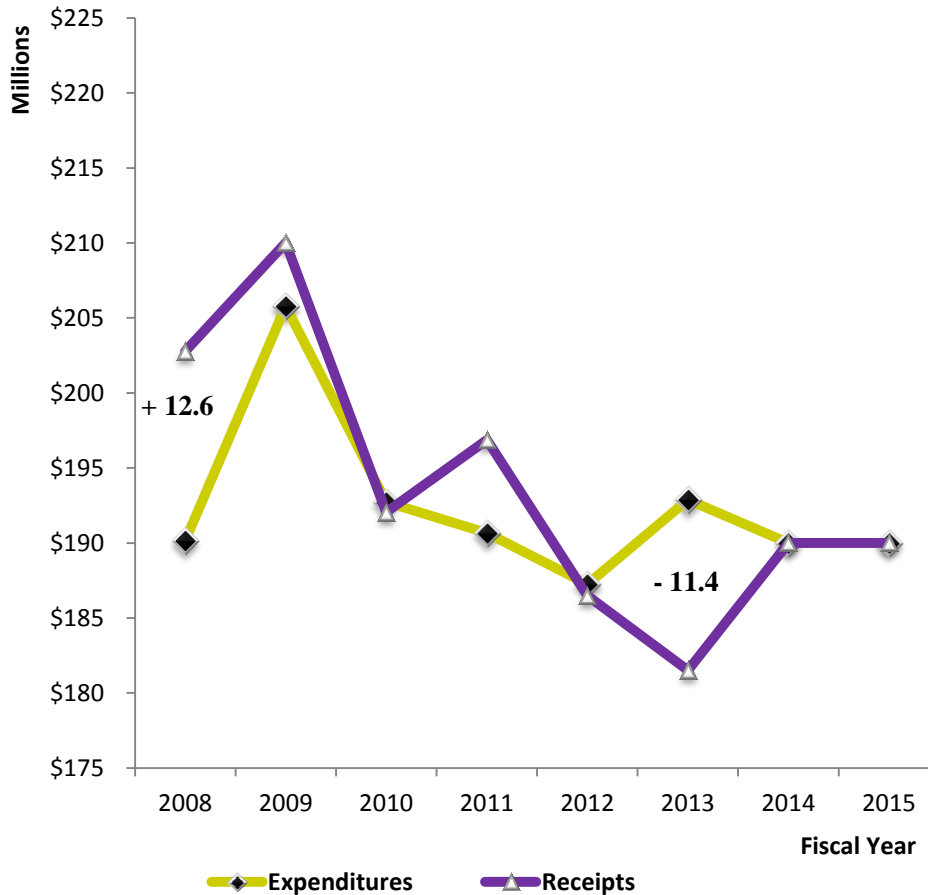| Fiscal Year	$
2008	18,950,000
2009	18,581,140
2010	11,334,718
2011	9,067,467
2012	5,275,142
2013	5,408,142
2014	8,063,142
2015	10,470,867

IT Internal Service Fund

§ 147-33.82. Functions of the Office of Information Technology Services.

- Submit for approval of the Office of State Budget and Management all rates and fees for common, shared State government-wide technology services provided by the Office on a fee-for-service basis and not covered by another fund.

§ 147-33.83. Information resources centers and services.

- To establish and operate information resource centers and services to serve two or more departments on a cost-sharing basis, if the State CIO, after consultation with the Office of State Budget and Management, decides it is advisable from the standpoint of efficiency and economy to establish these centers and services.

- With the approval of the Office of State Budget and Management, to charge each department for which services are performed its proportionate part of the cost of maintaining and operating the shared centers and services.

IT Internal Service Fund

Fiscal Year	Expenditures	Receipts
2008	190,148,330	202,780,752
2009	205,780,603	210,002,660
2010	192,734,447	192,050,778
2011	190,668,767	196,862,461
2012	187,256,140	186,486,932
2013	192,879,598	181,506,708
2014*	190,000,000	190,000,000
2015*	190,000,000	190,000,000

* Budgeted amount; others are actuals.

IT Reserve

- New fund established by S.L. 2013-360 in the Office of the State CIO
- Totals 28 million in FY 2013-2014 and almost in 31.6 FY 2014-2015
- Interest-bearing and non-reverting
- Supports the following requirements:
  - Improve security to avoid incidents that have occurred in other states
  - Improve planning, to include developing a strategic plan and Statewide architecture
  - Fund remediation of State infrastructure
    - Upgrade and simplify the State network
    - Eliminate substandard facilities, such as server closets
    - Replace outdated software and upgrade State computers
    - Establishes standards and processes for protecting citizen data held by State agencies

IT Reserve Funding

Requirement	Description	FY 2013-14			FY 2014-15		
		R	NR	FTE	R	NR	FTE
Prepare/Focus (Strategic Plan)	1250 hours for consultant to develop strategic plan	-	250,000	0	-	-	0
Plan (Enterprise Architecture)	Hire staff to plan Statewide IT support and develop business case process	1,570,806	-	13	2,239,512	-	16
Build (Project Management)	Hire staff to assist agencies in defining software requirements and to develop standard methodologies for project management	1,507,353	-	18	2,882,254	-	26
Remediation (Equipment Relocation)	Move IT equipment from substandard facilities to State data center (equipment and vendor support)	-	1,100,000	0	600,000	-	0
Security	Assess IT security and implement improvements	71,395	1,500,000	1	142,788	250,000	1
Network Simplification	Improve State's internal IT infrastructure	-	-	0	-	4,832,485	0
Desktop Remediation	Replace obsolete computers and applications	-	17,000,000	0	-	13,300,000	0
MS Office	Update agency software licenses	2,300,000	1,715,000	0	2,300,000	-	0
Operate (Standards and Measures)	Establish IT standards and measures	185,446	800,000	1	185,446	500,000	1
Customer Data	Develop standard State polices for access and use of customer data	-	-	0	-	1,000,000	0
Secure Sign-On	Upgrade State identity management system	-	-	0	70,000	3,280,000	0
Innovation Center	Provide venue for proof of concept, and encourage collaboration	-	-	0	-	-	0
Total		5,635,000	22,365,000	33	8,420,000	23,162,485	44

November 7, 2013

Agency IT Funding

- Included in agency budget

- Multiple sources

- Multiple purposes
  - Ongoing requirements
    - Internal operations
   - Vendors
    - ITS
  - Projects

Agency IT Funding
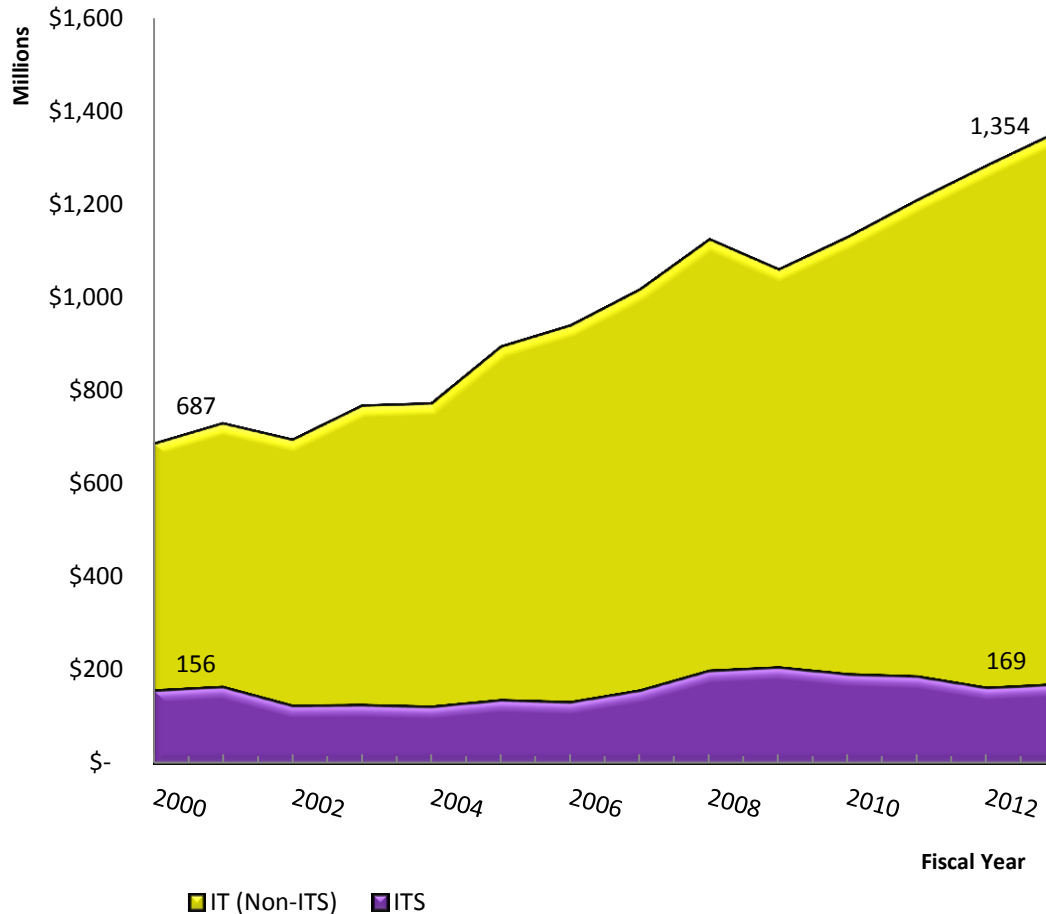
Fiscal Year	Agency IT (Non-ITS)	ITS
2000	686,626,347	155,665,904
2001	730,792,640	162,956,646
2002	695,485,268	123,116,686
2003	768,606,631	124,307,220
2004	773,161,152	121,499,604
2005	895,171,631	134,880,837
2006	940,796,365	130,637,426
2007	1,017,543,419	155,699,845
2008	1,124,748,807	197,591,496
2009	1,060,394,532	204,439,901
2010	1,130,403,047	189,942,710
2011	1,209,403,545	184,943,370
2012	1,283,114,224	161,354,169
2013	1,354,246,949	168,708,880

Source: Office of the State Controller

Agency IT Funding
(FY 2012-2013)
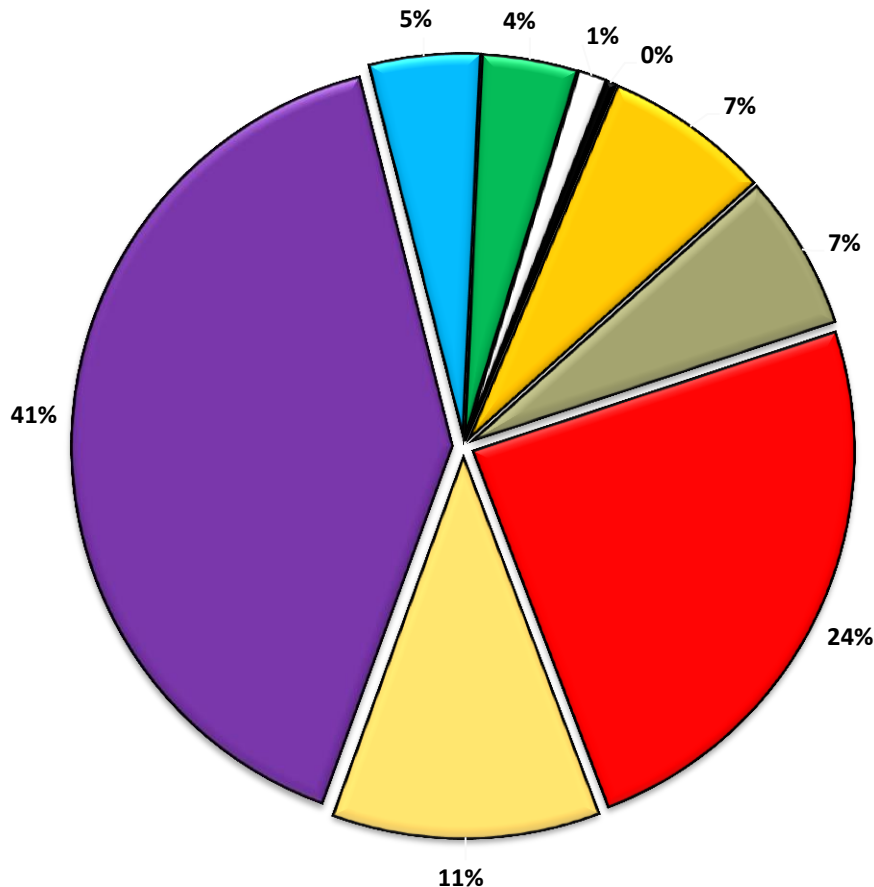
Purpose	$	%
Budgeted Salaries (plus Fringe)	548,667,056	40.51%
Personal Computers & Printers	63,032,534	4.65%
Local Area Network (LAN)	54,378,829	4.02%
Wide Area Network (WAN)	16,084,505	1.19%
Video Transmission	5,652,583	0.42%
Server	94,926,310	7.01%
Mainframe	89,192,823	6.59%
Applications Development & Other	328,865,004	24.28%
Telecommunications	153,447,305	11.33%
Total	1,354,246,949	100.00%

Legend: ■Salaries ■PCs/Printers ■LAN □WAN ■Video ■Server ■Mainframe ■Applications □Telecomm

Active Projects

Project Totals

Workflow Status	Project Totals	Revised Budget Total Cost
Planning and Design	53	$ 276,121,471
Execution and Build	25	$ 650,664,029
Implementation	19	$ 673,918,839
Registered	20	$ 6,618,537
Total	**117**	**$1,607,322,876**

As of October 1, 2013

Source: Enterprise Project Management Office

- Planning and Design
- Execution and Build
- Implementation
- Registered

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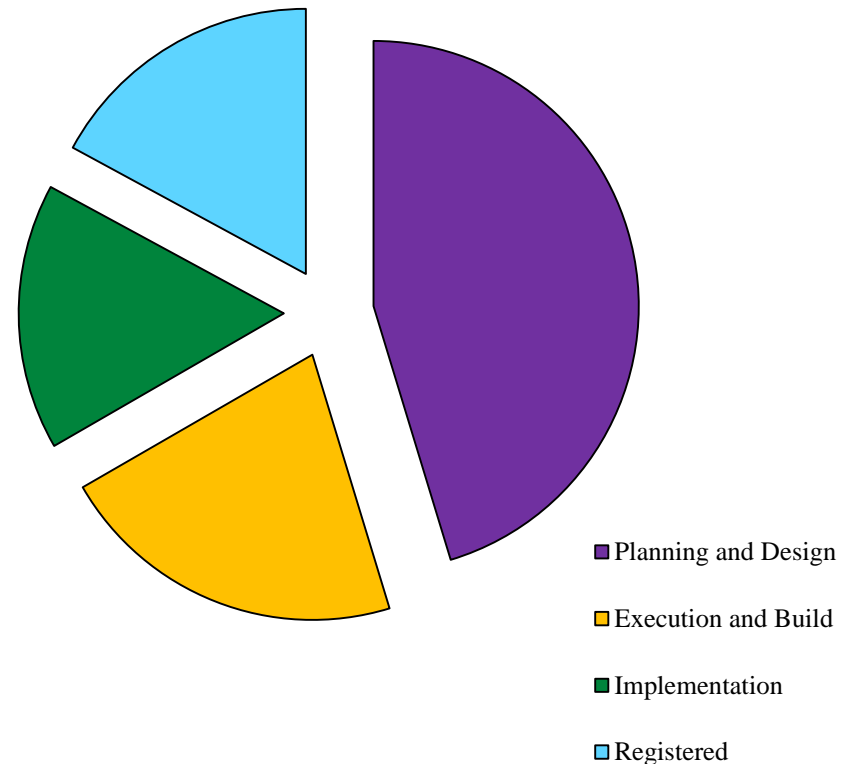
Issues

- Purpose of Funds
  - IT Fund
  - IT Internal Service Fund
  - IT Reserve Fund
- Funding Sources
  - Receipts (October 31 report)
  - Appropriations
- Oversight of Agency Funding

Questions

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FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

November 7, 2013